



International
Labour
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► ILO Flagship Report

► World Social Protection Report 2020–22



Social protection
at the crossroads
– in pursuit of
a better future

Executive summary

Despite progress in recent years in extending social protection in many parts of the world, when the coronavirus disease (COVID-19) pandemic hit many countries were still facing significant challenges in making the human right to social security a reality for all. This report provides a global overview of progress made around the world over the past decade in extending social protection and building rights-based social protection systems, including floors, and covers the impact of the COVID-19 pandemic. In doing so, it provides an essential contribution to the monitoring framework of the 2030 Agenda for Sustainable Development.

Five messages emerge from the report:

The pandemic has exposed deep-seated inequalities and significant gaps in social protection coverage, comprehensiveness and adequacy across all countries. Pervasive challenges such as high levels of economic insecurity, persistent poverty, rising inequality, extensive informality and a fragile social contract have been exacerbated by COVID-19. The crisis also exposed the vulnerability of billions of people who seemed to be getting by relatively well but were not adequately protected from the socio-economic shock waves it has emitted. The pandemic's socio-economic impacts have made it difficult for policymakers to ignore a number of population groups – including children, older persons, unpaid carers, and women and men working in diverse forms of employment and in the informal economy – who were covered either inadequately or not at all by existing social protection measures. In revealing these gaps, this report shows that the pandemic has propelled countries into unprecedented policy action, with social protection at the forefront.

COVID-19 provoked an unparalleled social protection policy response. Governments marshalled social protection as a front-line response to protect people's health, jobs and incomes, and to ensure social stability. Where necessary, governments extended coverage to hitherto unprotected groups, increased benefit levels or introduced new benefits, adapted administrative and delivery mechanisms, and mobilized additional financial resources. However, despite some international support, many low- and middle-income countries have struggled to mount a proportionate social protection and stimulus response to contain the pandemic's adverse impacts in the way that high-income countries have been able to do, leading to

a “stimulus gap” arising largely from significant coverage and financing gaps.

Socio-economic recovery remains uncertain and enhanced social protection spending will continue to be crucial. The most recent IMF forecasts warn of a divergent recovery, whereby richer countries enjoy a swift economic rebound while lower-income nations see a reversal of their recent development gains. Ensuring a human-centred recovery everywhere is contingent on equitable access to vaccines. This is not only a moral imperative, but also a public health necessity: a deep chasm in vaccine availability will unleash new viral mutations that undermine the public health benefits of vaccines everywhere. Already, however, inequitable vaccine access, yawning stimulus gaps visible in the crisis response, unfulfilled calls for global solidarity, increasing poverty and inequalities, and recourse to austerity cuts all indicate the prospect of uneven recovery. Such a scenario will leave many people to fend for themselves and derail the progress made towards the achievement of the 2030 Agenda and the realization of social justice.

Countries are at a crossroads with regard to the trajectory of their social protection systems. If there is a silver lining to this crisis, it is the potent reminder it has provided of the critical importance of investing in social protection; yet many countries also face significant fiscal constraints. This report shows that nearly all countries, irrespective of their level of development, have a choice: whether to pursue a “high-road” strategy of investing in reinforcing their social protection systems or a “low-road” strategy of minimalist provision, succumbing to fiscal or political pressures. Countries can use the policy window prised open by the pandemic and build on their crisis-response measures to strengthen their social protection systems and progressively close protection gaps in order to ensure that everyone is protected against both systemic shocks and ordinary life-cycle risks. This would involve increased efforts to build universal, comprehensive, adequate and sustainable social protection systems, including a solid social protection floor that guarantees at least a basic level of social security for all over the course of their lives. The alternative would be to acquiesce in a low-road approach that fails to invest in social protection, thereby trapping countries in a “low cost–low human development” trajectory. This would represent a lost possibility for strengthening social protection systems and reconfiguring societies for a better future.

Establishing universal social protection and realizing the human right to social security for all is the cornerstone of a human-centred approach to obtaining social justice. Doing so contributes

to preventing poverty and containing inequality, enhancing human capabilities and productivity, fostering dignity, solidarity and fairness, and reinvigorating the social contract.

► The state of social protection: Progress made, but not enough

As of 2020, only 46.9 per cent of the global population were effectively covered by at least one social protection benefit¹ (Sustainable Development Goal (SDG) indicator 1.3.1; see figure 1), while the remaining 53.1 per cent – as many as 4.1 billion people – were left wholly unprotected. Behind this global average, there are significant inequalities across and within regions, with coverage rates in Europe and Central Asia (83.9 per cent) and the Americas (64.3 per cent) above the global average, while Asia and the Pacific (44.1 per cent), the Arab States (40.0 per cent) and Africa (17.4 per cent) have far more marked coverage gaps.

Access to healthcare, sickness and unemployment benefits has taken on particular relevance during the pandemic. While almost two thirds of the global population are protected by a health scheme of some kind, significant coverage and adequacy gaps remain. When it comes to income protection during sickness and unemployment, the coverage and adequacy gaps are even more pronounced. Approximately a third of working-age people have their income security protected by law in case of sickness, and less than a fifth of unemployed workers worldwide actually receive unemployment benefits.

Gaps in the coverage, comprehensiveness and adequacy of social protection systems are associated with significant underinvestment in social protection, particularly in Africa, the Arab States and Asia. Countries spend on average 12.9 per cent of their GDP on social protection (excluding health), but this figure masks staggering variations. High-income countries spend on average 16.4 per cent, or twice as much as upper-middle-income countries (which spend 8 per cent), six times as much as lower-middle-income countries (2.5 per cent), and 15 times as much as low-income countries (1.1 per cent).

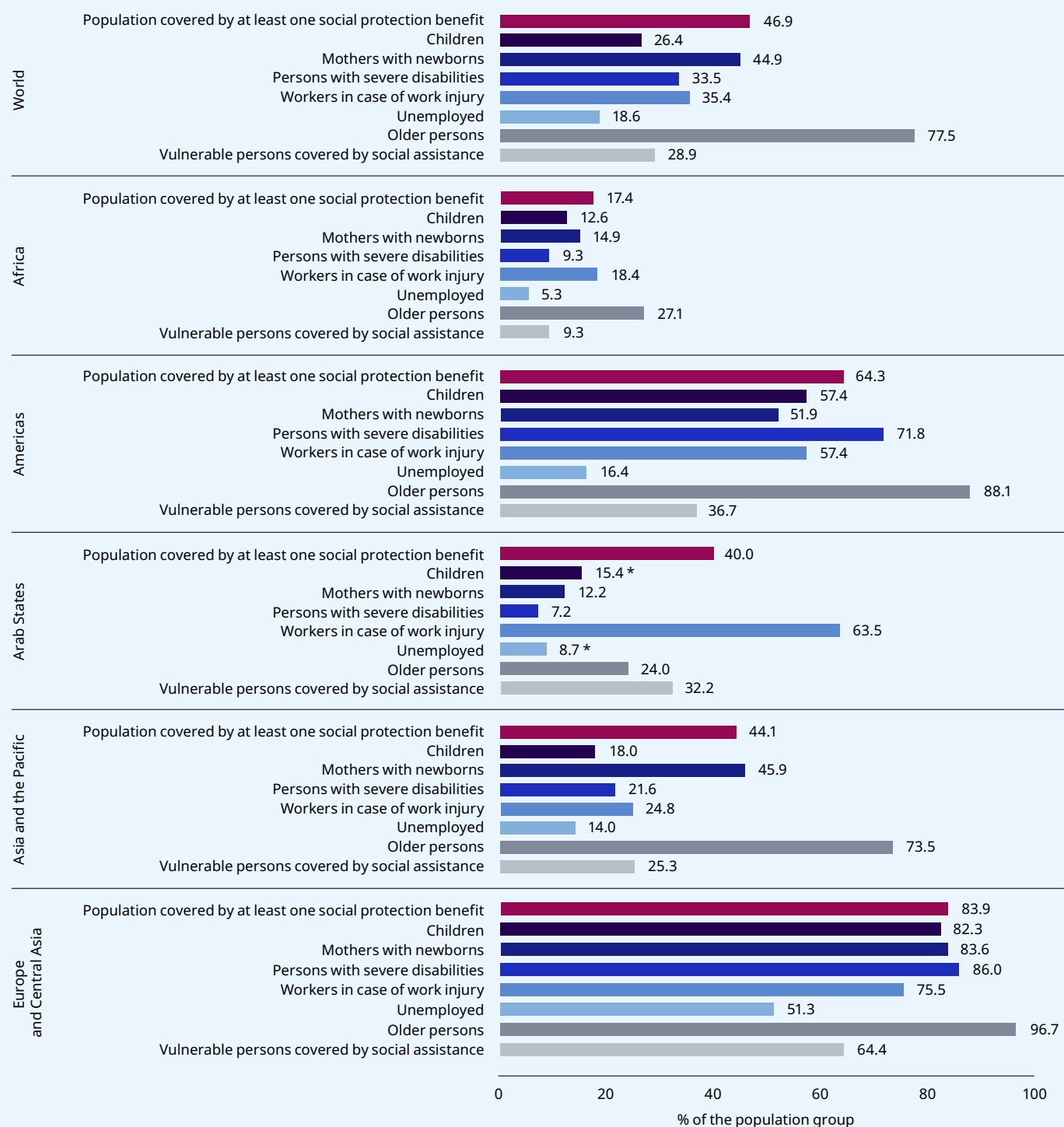
This financing gap for building social protection floors has widened by approximately 30 per cent since the onset of the COVID-19 crisis, owing to the increased need for healthcare services, income security measures, and reductions in GDP caused by the crisis. To guarantee at least a basic level of social security through a nationally defined social protection floor, lower-middle-income countries would need to invest an additional US\$362.9 billion and upper-middle-income countries a further US\$750.8 billion per year, equivalent to 5.1 and 3.1 per cent of GDP respectively for the two groups. Low-income countries would need to invest an additional US\$77.9 billion, equivalent to 15.9 per cent of their GDP.

COVID-19 threatens to imperil years of progress towards achieving the Sustainable Development Goals (SDGs), reversing gains in poverty reduction. It has also revealed the pre-existing stark protection gaps across all countries and made it impossible for policymakers to ignore the persistent social protection deficits experienced in particular by certain groups, such as informal workers, migrants and unpaid carers.

This crisis has resulted in an unprecedented yet uneven global social protection response. Higher-income countries were better placed to mobilize their existing systems or introduce new emergency measures to contain the impact of the crisis on health, jobs and incomes. Mounting a response was more challenging in lower-income contexts, which were woefully ill prepared and had less room for policy manoeuvre, especially in macroeconomic policy.

¹ Excluding healthcare and sickness benefits.

► **Figure 1. SDG indicator 1.3.1: Effective social protection coverage, global and regional estimates, by population group, 2020 or latest available year**



*To be interpreted with caution: estimates based on reported data coverage below 40% of the population.

Notes: See Annex 2 for methodological explanation. Global and regional aggregates are weighted by relevant population groups.

Sources: ILO, [World Social Protection Database](#), based on the Social Security Inquiry; ILOSTAT; national sources.

► **Social protection for children remains limited, yet is critical for unlocking their potential**

Highlights

- The vast majority of children still have no effective social protection coverage, and only 26.4 per cent of children globally receive social protection benefits. Effective coverage is particularly low in some regions: 18 per cent in Asia and the Pacific, 15.4 per cent in the Arab States and 12.6 per cent in Africa.
- Positive recent developments include the adoption of universal or quasi-universal child benefits (UCBs/qUCBs) in several countries, and renewed awareness in the context of COVID-19 of the critical importance of inclusive social protection systems, quality childcare services and the need for social protection for caregivers.
- On average, national expenditure on social protection for children is too low, equating to only 1.1 per cent of GDP, compared to 7 per cent of GDP spent on pensions. The regions of the world with the largest share of children in the population, and the greatest need for social protection, have some of the lowest coverage and expenditure rates, especially sub-Saharan Africa (0.4 per cent of GDP).
- To address the dramatic increase in child poverty caused by COVID-19, close social protection coverage gaps and deliver the best results for children and society, policymakers must implement an integrated systems approach including child benefits and childcare services, provision of parental leave and access to healthcare.

► **Social protection for women and men of working age provides insufficient protection against key risks**

Highlights

- *Maternity*: Some countries have made decisive progress towards universal or near-universal effective maternity coverage. Despite the positive developmental impacts of supporting childbearing women, only 44.9 per cent of women with newborns worldwide receive a cash maternity benefit.
- *Sickness*: The crisis has demonstrated the importance of ensuring income security during ill health, including quarantine. However, only a third of the world's working-age population have their income security protected by law in the event of sickness.
- *Disability*: The share of people with severe disabilities worldwide who receive a disability benefit remains low at 33.5 per cent. Importantly, several countries now have universal disability benefit programmes in place.
- *Employment injury*: Only 35.4 per cent of the global labour force have effective access to employment injury protection. Many countries have recognized COVID-19 as an occupational injury in order to ensure easier and faster access to associated benefits under the work injury insurance system, in particular for workers in the most exposed sectors.
- *Unemployment protection*: A mere 18.6 per cent of unemployed workers worldwide have effective coverage for unemployment and thus actually receive unemployment benefits. This remains the least developed branch of social protection. However, the pandemic has highlighted the crucial role of unemployment protection schemes to protect jobs and incomes, through job retention schemes and unemployment benefits.
- *Expenditure estimates* show that worldwide only 3.6 per cent of GDP is spent on public social protection to ensure income security for people of working age.

► Social protection for older women and men still faces coverage and adequacy challenges

Highlights

- Pensions for older women and men are the most widespread form of social protection in the world, and a key element in achieving SDG target 1.3. Globally, 77.5 per cent of people above retirement age receive some form of old-age pension. However, major disparities remain across regions, between rural and urban areas, and between women and men. Expenditure on pensions and other benefits for older people accounts for 7.0 per cent of GDP on average, again with large variations across regions.
- Significant progress has been made with respect to extending the coverage of pension systems in developing countries. Even more encouraging, in a wide range of countries, including lower-middle-income countries, universal pensions have been developed as part of national social protection floors.
- The COVID-19 crisis has brought additional pressures to bear on the costs and financing of pension systems, but the impact over the long term will be moderate to low. The

massive response of countries to the crisis has highlighted the critical role that old-age protection systems, including long-term care, play in ensuring the protection of older adults, particularly in times of crisis, and the urgency of strengthening long-term care systems to protect the rights of care recipients and care workers alike.

- Pension reforms have been dominated by an emphasis on fiscal sustainability, at the expense of other principles established by international social security standards, such as the universality, adequacy and predictability of benefits, solidarity and collective financing. These are critical for guaranteeing the income security of older people, which is and should remain the primary objective of any pension system. Ensuring the adequacy of benefits is especially pertinent for women, people in low-paid jobs and those in precarious forms of employment. Moreover, many countries around the world are still struggling to extend and finance their pension systems; these countries face structural barriers linked to low levels of economic development, high levels of informality, low contributory capacity, poverty and insufficient fiscal space, among others.

► Social health protection: An essential contribution to universal health coverage

Highlights

- Significant progress has been made in increasing population coverage, with almost two thirds of the global population protected by a scheme. However, barriers to accessing healthcare remain in the form of out-of-pocket payments on health services, physical distance, limitations in the range, quality and acceptability of health services, and long waiting times, as well as opportunity costs such as lost working time. The COVID-19 crisis has highlighted the limitations of benefit adequacy and the need to reduce out-of-pocket payments.

- Collective financing, broad risk-pooling and rights-based entitlements are key conditions for supporting effective access to healthcare for all in a shock-responsive manner. The principles provided by international social security standards are more relevant than ever on the road to universal health coverage, and in particular within the current public health context. More and better data on legal coverage need to be collected as a matter of priority to monitor progress on coverage and equity.
- Investing in the availability of quality healthcare services is crucial. The COVID-19 pandemic has further revealed the need to invest in healthcare services and to improve coordination within the health system. The pandemic is drawing attention to the challenges faced in recruiting,

deploying, retaining and protecting well-trained, supported and motivated health workers to ensure the delivery of quality healthcare services.

- Stronger linkages and better coordination between mechanisms for accessing medical care and income security are needed to address key determinants of health more effectively. The COVID-19 crisis has further highlighted the role of the social protection system in shaping

behaviours to foster prevention and the complementarity of healthcare and sickness benefit schemes. Coordinated approaches are particularly needed in respect of special and emerging needs, including human mobility, the increasing burden of long and chronic diseases, and population ageing. The impact of COVID-19 on older people has shed additional light on the need for coordination between health and social care.

► Taking the high road towards universal social protection for a socially just future

COVID-19 has further underscored the critical importance of achieving universal social protection. It is essential that countries – governments, social partners and other stakeholders – now resist the pressures to fall back on a low-road trajectory and that they pursue a high-road social protection strategy to contend with the ongoing pandemic, and to secure a human-centred recovery and an inclusive future. To this end, several priorities can be identified.

- COVID-19 social protection measures must be maintained until the crisis has subsided and recovery is well under way. This will require continued investment in social protection systems to maintain living standards, ensure equitable vaccine access and healthcare, and prevent further economic contraction. Ensuring equitable and timely access to vaccines is crucial for the health and prosperity of all countries and peoples. In an interconnected world, a truly inclusive recovery hinges on this.
- The temptation to revert to fiscal consolidation to pay for the massive public expenditure outlays necessitated by COVID-19 must be avoided. Previous crises have shown that austerity leaves deep social scarring, hurting the most vulnerable in society. Conversely, striving for a jobs-rich, human-centred recovery, aligned with health, social, environmental and climate change goals, can contribute to income security, job creation and social cohesion objectives, expand the tax base and help finance universal social protection.
- Amid the devastation wrought by the pandemic, there are glimmers of hope that mindsets have shifted. By exposing the inherent vulnerability of everyone – making it explicit that our individual well-being is intimately bound up

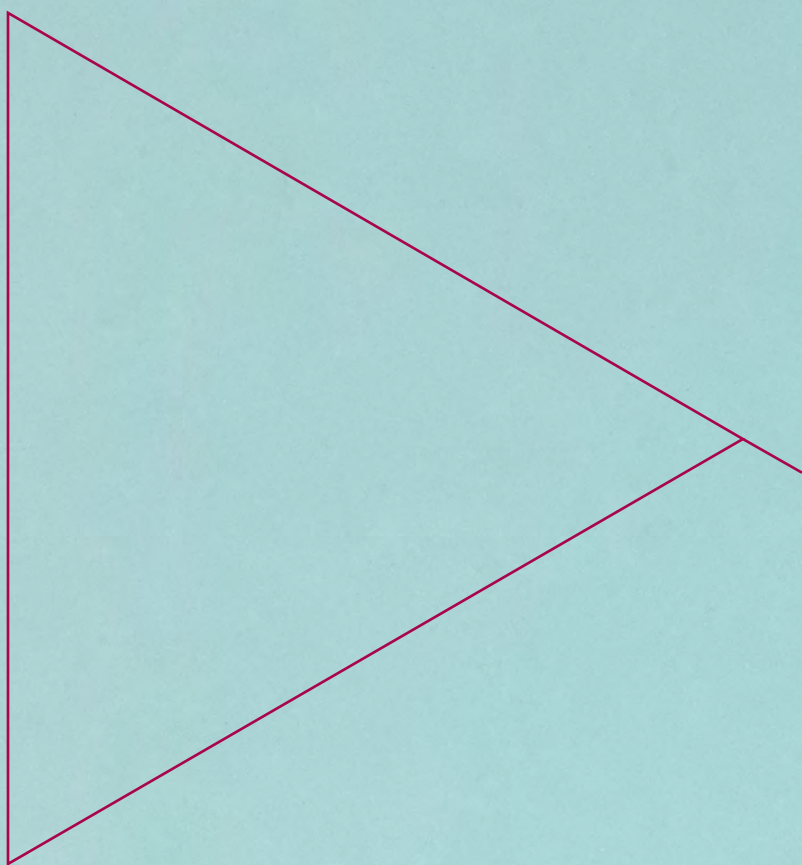
with the collective well-being and security of others – the pandemic has demonstrated the indispensability of social protection. Moreover, the crisis has shown that there is significant scope for countries to adopt a “whatever it takes” mindset to accomplish priority goals if they so choose. If the same policy approach is applied as the worst of the pandemic abates, this holds promise for taking the high road to achieve the SDGs and universal social protection.

- Taking that high road requires building permanent universal social protection systems that provide adequate and comprehensive coverage to all, guided by effective tripartite social dialogue. These systems are essential for preventing poverty and inequality, and for addressing today's and tomorrow's challenges, in particular by promoting decent work, supporting women and men in better navigating their life and work transitions, facilitating the transition of workers and enterprises from the informal to the formal economy, bolstering the structural transformation of economies, and supporting the transition to more environmentally sustainable economies and societies.
- Further investment in social protection is required now to fill financing gaps. In particular, prioritizing investments in nationally defined social protection floors is vital for delivering on the promise of the 2030 Agenda. Fiscal space exists even in the poorest countries and domestic resource mobilization is key, but concerted international support is also critical for fast-tracking progress in those countries lacking fiscal and economic capacities, especially in low-income countries with marked underinvestment in social protection.

- ▶ Universal social protection is supported through the joint efforts of the United Nations agencies “working as one”, and through concerted efforts with relevant international, regional, subregional and national institutions and social partners, civil society and other stakeholders, including through the Global Partnership for Universal Social Protection.
- ▶ The unique policy window prised open by COVID-19 should embolden countries to take decisive action now about the future of social protection and pursue a high-road policy approach with vigour. Doing so will empower societies to deal with future crises and the challenges posed by demographic change, the evolving world of work, migration, environmental challenges and the existential threat of climate change. Ultimately, a robust social protection system will shore up and repair a fragile social contract and enable countries to enjoy a socially just future.

Advancing social justice, promoting decent work

The International Labour Organization is the United Nations agency for the world of work. We bring together governments, employers and workers to drive a human-centred approach to the future of work through employment creation, rights at work, social protection and social dialogue.



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